Q.1) With reference to casual workers employed in India, consider the following statements:
1. All casual workers are entitled for Employees Provident Fund Coverage.
2. All casual workers are entitled for regular working hours and overtime payment.
3. The government can by a notification specify that an establishment or industry shall pay wages only through its bank account.
Which of the above statements are correct?
a) 1 and 2 only
b) 2 and 3 only
c) 1 and 3 only
d) 1, 2 and 3

Ans) b
Exp) Option b is the correct answer.
Statement 1 is incorrect. A casual worker is a worker on a temporary employment with generally limited entitlements and little or no security of employment. The main attribute is the absence of a continuing relationship of any stability with an employer, which could lead to their not being considered 'employees' at all.
Now, EPFO registration generally applies only to establishments that have 20 or more workers. So, if we go by this "20 worker" technical rule, then if a casual worker is employed in an organisation with less than 20 workers, then he will not be entitled to get EPF coverage.
Statement 2 is correct. Casual workers (should) have all those rights that are enjoyed by regular workers, since the definition of employee includes casual labour as per Supreme Court guidelines. Employees in India **are entitled for regular working hours and overtime payment according to Minimum Wages Rules, 1950.**
Statement 3 is correct. The Payment of Wages (Amendment) Act 2017 provides that the Government may specify that the employer of any industrial or other establishment **shall pay wages to every employee only by cheque or by crediting the wages in his bank account.**
Source) UPSC CSE Pre 2021

Q.2) Which of the following policy actions can be considered as a move towards 'Capital Account Convertibility' in India's Balance of Payment system?
1. Increasing the foreign portfolio investment limits in the Indian debt markets.
2. Easing of the external commercial borrowing framework.
3. Liberalized Foreign Direct Investment
4. Limiting NRI's investment in G-sec
Select the correct answer using the codes given below:
a) 1 and 2 only
b) 2 and 3 only
c) 1, 2, and 3 only
d) 1, 2, 3 and 4

Ans) c
Exp) Option c is the correct answer.
Capital account convertibility means the freedom to conduct investment transactions without any constraints. Typically, it would mean no restrictions on the amount of rupees you can convert into foreign currency to enable you, an Indian resident, to acquire any foreign asset. Similarly, there should be no restraints on a NRI bringing in any amount of dollars or dirhams to acquire an asset in India.

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Statements 1, 2 and 3 are correct. The recent moves towards Capital account convertibility include **increasing the foreign portfolio investment limits in the Indian debt markets, introducing the Fully Accessible Route (FAR) –** through which non-residents can invest in specified government securities without any restrictions and the e**asing of the external commercial borrowing** framework by relaxing end-user restrictions. Inward FDI is allowed in most sectors, and outbound FDI by Indian incorporated entities is allowed as a multiple of their net worth.

Statement 4 is incorrect. Limitation on Non-Resident Indians to invest in Government securities **restrict the flow of currency** and hence it **does not aid** the process of full capital account convertibility in India.

Knowledge Base: BoP - Capital and current account.

Source: All you want to know about capital account convertibility - The Hindu BusinessLine

Q.3) Which of the following statements correctly defines the term 'Official Reserve Transactions'?

a) All the transactions made out of Consolidated Fund of India.

b) Withdrawal of money from the Special Drawing Rights with the IMF.

c) Transactions made to bridge the gap in the balance of payments.

d) Reserves used by the Government before the passage of the Money Bill.

Ans) c

Exp) Option c is the correct answer.

The balance of payments (BoP) records the transactions in goods, services and assets between residents of a country with the rest of the world for a specified time period typically a year.

Option c is correct: A country could use its **reserves of foreign exchange in order to balance any deficit in its balance of payments. Such transactions are called official reserve transactions.** Since the official reserve transactions are made to bridge the gap in the BoP, they are seen as the accommodating item in the BoP (all others being autonomous).

Official reserve transactions are more relevant under a regime of fixed exchange rates than when exchange rates are floating. Flexible or Floating Exchange Rate is determined by the market forces of demand and supply. In Fixed Exchange Rate system, the Government fixes the exchange rate at a particular level.

Source: Pages 5-8, Chapter 6, NCERT Macroeconomics

Q.4) In the questions given below, there are two statements marked as Assertion (A) and Reason (R). Read the statements and choose the correct option.

Assertion (A): Petroleum products are one of the important export commodities for India.

Reason (R): The refining industry has been modernized and upgraded continuously for achieving cost reduction.

Which of the Options given below is correct?

a) Both (A) and (R) are true and (R) is the correct explanation of (A).

b) Both (A) and (R) are true and (R) is not the correct explanation of (A).

c) (A) is correct but (R) is wrong.

d) (A) is wrong but (R) is correct.

Ans) a

Exp) Option a is the correct answer.

Owing to rise in global crude oil prices and cheaper crude oil sourced from Russia have lifted the share of **India's petroleum products in exports to their highest ever at 21.2 per cent during April-August 2022.**

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Assertion is correct: India is one of largest importers of crude oil but it is also one of the largest exporters of refined oil given the presence of refineries. Petroleum products is one of the important export commodities for India.

Reason is correct: The refining industry has been modernized and upgraded continuously with the indigenous and imported technologies for refining cost reduction. From a deficit scenario in 2001 the country has achieved self-sufficiency in refining and is the major exporter of quality petroleum products. India, has achieved the refining capacity of about 249 million tonnes a year, equivalent to about 5 million barrels per day (bpd). Refining capacity is expected to climb to 298 million tonnes a year by 2025.

Source: Page 89, Ecoomic Survey PDF

https://www.indiatoday.in/india/story/why-indian-government-exports-petrol-at-half-the-price-we-pay-1321786-2018-08-23

https://www.business-standard.com/article/economy-policy/india-s-petroleum-exports-reach-record-high-at-21-2-during-apr-aug-period-122091401152_1.html

Q.5) "This phenomenon occurs when a huge amount of matter, like a cluster of galaxies, creates a gravitational field that distorts and magnifies the light from distant galaxies that are behind it but in the same line of sight. This effect allows researchers to study the details of early galaxies too far away to be seen with current technology and telescopes."

Which one of the following interstellar phenomena is described in the above given paragraph?

a) Gamma Ray Burst

b) Stephan's Quintet

c) Gravitational Lensing

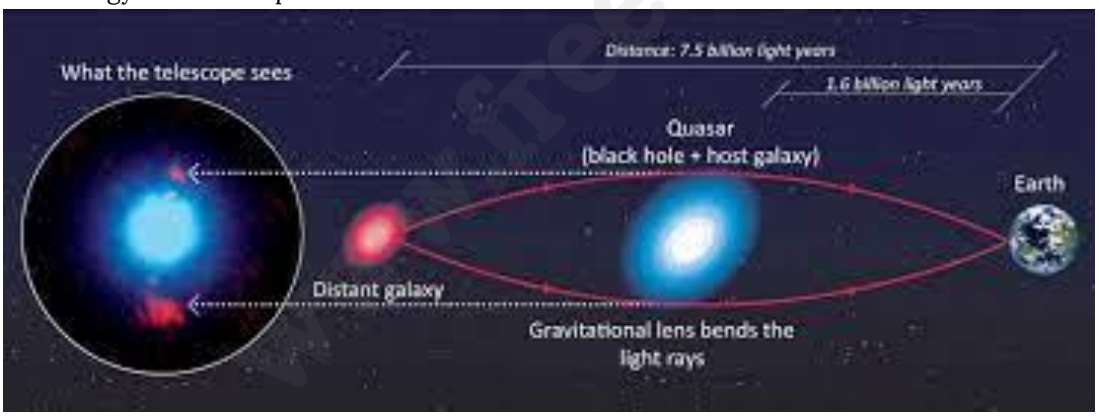
d) Fast Radio Burst

Ans) c

Exp) Option c is the correct answer.

NASA's Hubble Space Telescope has discovered the farthest star ever seen to date. They have nicknamed that star as "Earendel". This discovery of the most distant star was made possible by a phenomenon known as **'gravitational lensing'.**

Gravitational Lensing: A gravitational lens can occur when a huge amount of matter, like a cluster of galaxies, **creates a gravitational field** that distorts and **magnifies the light from distant galaxies that are behind it** but in the same line of sight. The effect is like looking through a giant magnifying glass. This effect allows researchers to **study the details of early galaxies** too far away to be seen with current technology and telescopes.



This effect was **predicted to exist by Albert Einstein's General Theory of Relativity** in the early 20th century.

Knowledge Base: **Earendel:** It is the most distant star discovered by the Hubble Space Telescope. The star has been officially called WHL0137-LS, but it has been nicknamed "Earendel", which means "morning star" in Old English. The star is more than 12.9 billion light-years away and likely existed within the first billion years after the beginning of the universe.
Source: 9 PM Daily Current Affairs Brief – April 26th, 2022 -ForumIAS Blog
Gravitational Lensing (hubblesite.org)

Q.6) With reference to the 'Developing District as Export Hub' initiative, consider the following statements:
1. It is an initiative of the Directorate General of Foreign Trade (DGFT).
2. It includes the export of registered Geographical Indication (GI) products from the districts.
3. It will be overseen by the senior-most Member of Parliament from the District.
Which of the statements given above is/are correct?
a) 1 and 2 only
b) 2 only
c) 1 and 3 only
d) 3 only

Ans) a
Exp) Option a is the correct answer.
Every District has products and services which are being exported, and can be further promoted, along with new products / services, to increase production, grow exports, generate economic activity and achieve the goal of AtmaNirbhar Bharat, Vocal for local and Make in India.
Statement 1 is correct: Department of Commerce, through Directorate General of Foreign Trade (DGFT) is working with the State / UT Governments in a phased manner to achieve this objective through **Developing District as Export Hub Scheme**.
Statement 2 is correct: In the initial phase, product/services (GI products, agricultural clusters, toy clusters etc.) with export potential in each District have been identified. Institutional mechanism in the form of State Export Promotion Committees (SEPC) at the state level and District Export Promotion Committees (DEPCs) at the district level are being created to provide support for export promotion and to address the bottlenecks for export growth in the districts.
Statement 3 is incorrect: DEPCs may be **headed by DM/Collector/DC/District Development Officer of the District** and co-chaired by designated DGFT Regional Authority.
Source: https://commerce.gov.in/wp-content/uploads/2021/03/Devolping-Districts-as-Export-Hubs.pdf

Q.7) Which of the following best describes the term Net International Investment Position (NIIP)?
a) It is the difference between a nation's gross national product (GNP) and its gross domestic product (GDP).
b) It is the difference between a nation's stock of foreign assets and a foreigner's stock of that nation's assets.
c) It is the difference between a nation's Foreign Direct Investments (FDIs) and Foreign Portfolio Investments (FPIs)
d) It is difference between a nation's imports from foreign nations and domestic exports to foreign nations.

Ans) b
Exp) Option b is the correct answer.
Net International Investment Position (IIP) can be viewed as a nation's balance sheet with the rest of the world at a specific point in time. NIIP is an important barometer of a nation's financial condition and

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creditworthiness. A nation with a positive NIIP is a creditor nation, while a nation with a negative NIIP is a debtor nation.

Option a is incorrect: Net foreign factor income (NFFI) is the difference between a nation's gross national product (GNP) and its gross domestic product (GDP).

Option b is correct: A net international investment position (NIIP) measures the gap between a nation's stock of foreign assets and a foreigner's stock of that nation's assets.

Option c is incorrect: Foreign investments can be classified as Foreign direct investments (FDIs) and Foreign Portfolio Investments (FPIs). **NIIP does not reflect the difference between a nation's Foreign Direct Investments (FDIs) and Foreign Portfolio Investments (FPIs)**

Option d is incorrect: Net Trade Balance defines the difference between a nation's imports from foreign nations and domestic exports to foreign nations.

Source: https://www.investopedia.com/terms/n/net-international-investment-position-niip.asp

Q.8) With reference to the Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS), consider the following statements:

1. It guarantees 100 days of skilled manual work.
2. All districts except for those that have a 100% urban population are covered under it.
3. It is monitored by the Ministry of Labour and Employment.
4. It is mandatory to conduct Social Audit of all Works executed under MGNREGA.

Which of the statements given above are correct?

a) 1 and 2 only
b) 1 and 3 only
c) 2 and 4 only
d) 3 and 4 only

Ans) c

Exp) Option c is the correct answer.

The National Rural Employment Guarantee Act, 2005 introduced the scheme. In 2010, NREGA renamed as MGNREGA. It is one of the world's largest employment guarantee programs.

Statement 1 is incorrect: Under the scheme, every **rural household** whose **adult member** volunteers to do **unskilled manual work** is entitled to get **at least 100 days** of wage employment in a financial year. It aims to enhance the livelihood security of people.

Statement 2 is correct: The Act currently covers **all districts except** for those that have a **100% urban population.**

Statement 3 is incorrect: Ministry of Rural Development (MRD), Government of India in association with state governments monitors the implementation of the scheme.

Statement 4 is correct: Section 17 of the MGNREGA has mandated Social audit of all Works executed under the MGNREGA. Social Audit is the examination and assessment of a programme/scheme conducted with the active involvement of people and comparing official records with actual ground realities. Social Audit is a powerful tool for social transformation, community participation and government accountability.

Knowledge Base:

Features of MGNREGS:

1) It is a Demand-driven scheme. Worker to be hired when he demands and not when the Government wants it.
2) Gram Panchayat is mandated to provide employment within 15 days of work application failing which worker is entitled to unemployment allowance.
3) Payment of wages within 15 days of competition of work failing which worker is entitled to delay compensation of 0.05% per day of wages earned.

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4) Women empowerment: Minimum one-third of the workers should be women
5) Minimum wages: Wage payment should be according to the Minimum Wages Act 1948 for agricultural laborers in the State.
6) Gram Sabhas conduct Social audits to enable the community to monitor the implementation of the scheme.
7) Both the Center and the States share the funding of the scheme.
8) Significance of MGNREGA
9) The programme mandates that at least 60 percent of the works undertaken must be related to land and water conservation.
10) The water conservation structures built under MGNREGA have potentially conserved at least 28,741 million cubic metres of water in the past 15 years.
11) The scheme provides support in times of distress and individuals are not forced to migrate into cities.
12) The program provided a sigh of relief to millions of migrants and other people who lost their livelihood in the pandemic times.
13) The scheme has led to the creation of common community assets. These assets are built by communities on common lands thereby creating a sense of responsibility towards the structure which results in better care.

Source: https://blog.forumias.com/mgnrega/
https://blog.forumias.com/mgnrega-issues-and-significance-explained-pointwise/

Q.9) With reference to the international trade, consider the following statements:
1. Tariffs are a type of trade barrier that can have the effect of raising the relative prices of imported products.
2. The World Trade Organisation agreements strictly prohibit the imposition of trade barriers.
3. 'Quotas' are mainly aimed at generating extra revenue for the government.
Which of the statements given above is/are correct?
a) 1 only
b) 3 only
c) 1 and 2 only
d) 2 and 3 only

Ans) a
Exp) Option a is the correct answer.
A trade barrier refers to any regulation or policy that restricts international trade, especially tariffs, quotas, licenses etc.
Statement 1 is correct: Tariffs are a type of protectionist trade barrier that can come in several forms. **T**ariffs may benefit a few domestic sectors. Tariffs are **paid by domestic consumers and not the exporting country**, but they have the effect of raising the relative prices of imported products.
Statement 2 is incorrect: The **World Trade Organisation agreements** in general follows the following principles:
(a) Most Favored Nation- All nations should be treated equally. No one country can grant any other member country any special favour.
(b) Non-Discrimination
(c) National Treatment- Same treatment to all products, either local or foreigners.
(d) Reciprocity- Lowering of import duties and other trade barriers in return for similar concessions from another country.

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The Technical Barriers to Trade Agreement (TBT) tries to ensure that regulations, standards, testing and certification procedures do not create superfluous obstacles to trade. The WTO agreements **also allow exceptions** in some circumstances. Three of these issues are:
(a) actions taken against dumping (selling at an unfairly low price)
(b) subsidies and special "countervailing" duties to offset the subsidies
(c) emergency measures to limit imports temporarily, designed to "safeguard" domestic industries.
Statement 3 is incorrect: Quotas are a type of nontariff barrier governments enacts to restrict trade. **Quotas focus on limiting the quantities** of a particular good that a country imports or exports for a specific period, whereas tariffs impose specific fees on those goods.
Governments design **tariffs** to raise the overall cost to the producer or supplier seeking to sell products within a country. Tariffs **provide a country with extra revenue** and they offer **protection to domestic producers** by causing imported items to become more expensive.
Quotas are more effective in restricting trade than tariffs, especially if domestic demand for something is not price-sensitive. Applied selectively to various countries, they can be utilized as a coercive economic weapon.
Knowledge Base:
Types of Trade barriers:
(a) Tariff Barriers. These are taxes on certain imports. They raise the price of imported goods making imports less competitive.
(b) Non-Tariff Barriers. These involve rules and regulations which make trade more difficult. For example, if foreign companies have to adhere to complex manufacturing laws it can be difficult to trade.
(c) Quotas. A limit placed on the number of imports.
(d) Voluntary Export Restraint - Similar to quotas, this is where countries agree to limit the number of imports.
(e) Subsidies. A domestic subsidy from government can give the local firm a competitive advantage.
(f) Embargo. A complete ban on imports from a certain country.
Source: https://www.wto.org/english/thewto_e/whatis_e/tif_e/agrm8_e.htm
https://www.investopedia.com/terms/q/quota.asp#:~:text=A%20quota%20is%20a%20government,between%20them%20and%20other%20countries.
https://www.economicshelp.org/blog/glossary/trade-barriers/

Q.10) The 'FASTER (Fast and Secured Transmission of Electronic Records)' Platform was launched to-
a) improve accessibility of police records to the central agencies through encrypted and secure platform.
b) communicate interim orders, stay orders, and bail orders of the Supreme Court to the concerned authorities.
c) faster redressal of corporate grievances through inter-departmental coordination across different ministries.
d) provide information regarding financial frauds for effective forensic audit and investigation.

Ans) b
Exp) Option b is the correct answer.
FASTER (Fast and Secured Transmission of Electronic Records) Platform is a digital platform to **communicate interim orders, stay orders, and bail orders of the Supreme Court to authorities concerned** through a secured electronic communication channel. It is developed by **Registry of the Supreme Court** in collaboration with the National Informatics Centre (NIC).
FASTER Cell has been established in the Registry of the Supreme Court. The cell will transmit digitally signed records of proceedings or orders related to bail and release passed by the court to the nodal officers and duty holders concerned through email.

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To reach all districts of India, 73 nodal officers have been nominated at various levels. All nodal officers have been connected through a specific Judicial Communication Network (JCN) by creating a secured pathway.
Source: FASTER Platform: CJI launches software to transmit court orders swiftly -ForumIAS Blog

Q.11) In the context of India, which of the following factors is/are contributor/s to reducing the risk of a currency crisis?
1. The foreign currency earnings of India's IT sector
2. Increasing the government expenditure
3. Remittances from Indians abroad
Select the correct answer using the code given below.
a) 1 only
b) 1 and 3 only
c) 2 only
d) 1, 2 and 3

Ans) b
Exp) Option b is the correct answer.
A decline in the value of a country's currency brings currency crisis. In this situation, there is speculation in the market that the central bank of the country does not have sufficient foreign exchange reserves.
Statements 1 and 3 are correct. The foreign currency earnings of India's IT sector and remittances increase country's foreign reserves, thus increasing demand for Indian currency and reducing risk of currency crisis.
Statement 2 is incorrect. Increasing the government expenditure does not bring foreign currency in the country.
Source) UPSC CSE Pre 2019

Q.12) With reference to the Special Economic Zones (SEZ) in India, consider the following statements:
1. Since it is treated as a foreign territory, the value added by firms in SEZ is not added to the Gross Domestic Product of India.
2. The firms in the SEZ are not allowed to sell its products in India's domestic market.
3. Units in SEZ are required to be net foreign exchange earners within a specified time limit.
Which of the statements given above is/are correct?
a) 1 and 3 only
b) 3 only
c) 1 only
d) 2 and 3 only

Ans) b
Exp) Option b is the correct answer.
The Special Economic Zones (SEZs) Act was enacted in 2006 with an aim to create special economic zones. Units in SEZs used to enjoy 100% income tax exemption on export income for the first five years, 50% for the next five years and 50% of the ploughed back export profit for another five years.
Government plans to table the Development of Enterprise and Service Hubs (DESH) Bill in the Parliament. This bill will replace the current Special economic zones (SEZ) Act, 2005.
Statement 1 is incorrect: Special Economic Zone (SEZ) is a specifically delineated duty-free enclave and shall be deemed to be foreign territory for the purposes of trade operations and duties and tariffs only. The **value added by firms is added to the Gross Domestic Production.** The SEZ is a geographical region that has economic laws different from a country's typical economic laws. The goal is to increase foreign investments.

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Statement 2 is incorrect: In the current SEZ regime, **a firm is allowed to sell in the domestic market after the duty is paid on the final product.**
Statement 3 is correct: Units in SEZ are required to achieve **net foreign exchange positive cumulatively in five years (i.e, export more than they import).**
Source: https://blog.forumias.com/govt-proposes-new-sez-law/
https://blog.forumias.com/draft-development-of-enterprise-and-service-hubs-desh-bill-sezs-to-be-turned-into-mfg-hubs-for-domestic-markets/

Q.13) Which of the following statements is the correct description of the term "Antitrust cases" that was recently in news?
a) It is a regulation that encourages competition by limiting the market power of any particular company.
b) It refers to a situation where a group of similar companies agrees on prices in order to increase profits and limit competition.
c) It is a particular form of collusive behaviour by which firms agree to submit common bids to eliminate price competition.
d) It refers to the legal action brought against companies that are charged with limiting free competition in the market.

Ans) d
Exp) Option d is the correct answer.
Competition Commission of India (CCI) has fined Google twice – for abusing its dominant position in the market with its Android mobile operating system (OS) and for anti-competitive policies in its in-app billing and payment processing.
Option a is incorrect: Antitrust refers to a field of economic policy and laws dealing with monopoly and monopolistic practices. Antitrust laws prevent multiple firms from colluding or forming a cartel to limit competition through practices such as price fixing. **Antitrust laws are regulations that encourage competition by limiting the market power of any particular firm.** This often involves ensuring that mergers and acquisitions don't overly concentrate market power or form monopolies, as well as breaking up firms that have become monopolies.
Option b is incorrect: A **cartel** is an **association of similar companies** or businesses that have grouped together in order to **prevent competition** and to control prices.
Option c is incorrect: Bid rigging is a particular form of collusive price-fixing behaviour by which firms coordinate their bids on procurement or project contracts. There are two common forms of bid rigging. In the first, **firms agree to submit common bids**, thus **eliminating price competition**. In the second, firms agree on which firm will be the lowest bidder and rotate in such a way that each firm wins an agreed upon number or value of contracts.
Option d is correct: Antitrust case is a legal action brought against parties who are charged with **limiting free competition** in the market place. The Competition Commission of India (CCI) is empowered under the Competition Act, 2002 to check whether companies, especially large tech companies are not eliminating healthy competition in the market and creating a monopoly.
Knowledge Base:
Under Section 27 of the Competition Act, CCI has the power to impose such a penalty as it may deem fit which shall be not more than 10% of the average turnover for the last three preceding financial years upon each of such persons or enterprises which are parties to such agreements or abuse.
In 2014, the Supreme Court ruled that the penalty should be imposed not on the "total/ entire turnover of the offending company" but on "relevant turnover".

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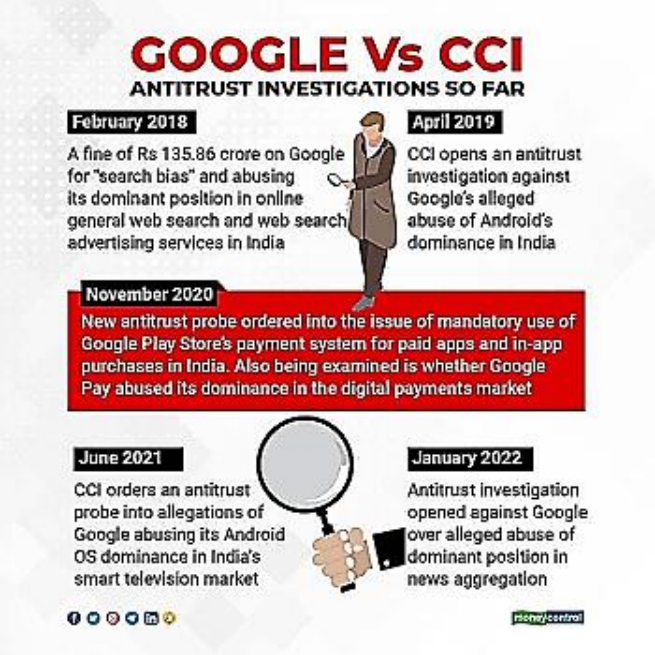
GOOGLE Vs CCI
ANTITRUST INVESTIGATIONS SO FAR
February 2018
A fine of Rs 135.86 crore on Google for "search bias" and abusing its dominant position in online general web search and web search advertising services in India
April 2019
CCI opens an antitrust investigation against Google's alleged abuse of Android's dominance in India
November 2020
New antitrust probe ordered into the issue of mandatory use of Google Play Store's payment system for paid apps and in-app purchases in India. Also being examined is whether Google Pay abused its dominance in the digital payments market
June 2021
CCI orders an antitrust probe into allegations of Google abusing its Android OS dominance in India's smart television market
January 2022
Antitrust investigation opened against Google over alleged abuse of dominant position in news aggregation
moneycontrol

Source: https://blog.forumias.com/antitrust-cases-against-google-how-regulator-decided-fine/
https://www.vocabulary.com/dictionary/antitrust%20case#:~:text=Definitions%20of%20antitrust%20case,action%20at%20law%2C%20legal%20action
https://www.moneycontrol.com/news/business/googles-antitrust-cases-in-india-other-markets-a-quick-look-7914881.html
https://www.oecd.org/regreform/sectors/2376087.pdf

Q.14) With reference to the Indian economy, consider the following statements:
Assertion: The share of formal jobs has remained greater than informal jobs in India in post-liberalization period.
Reason: The share of the services sector in India's Gross Domestic Product has remained higher than agriculture sector, in the post-liberalization period.
Which of the following options is correct?
a) Both Assertion and Reason are correct and Reason is the correct explanation of the Assertion.
b) Both Assertion and Reason are correct but Reason is not the correct explanation of the Assertion.
c) Assertion is correct but Reason is incorrect.
d) Assertion is incorrect but Reason is correct.

Ans) d
Exp) Option d is the correct answer.
Liberalisation was expected to formalise India's largely informal agrarian economy, with labour moving from agriculture to the organised industrial sector. But we have witnessed contractualisation of the employment.
Assertion is incorrect: The **quality of employment in India has declined** in the post-liberalisation period. Of around 61 million jobs created in India over 22 years post-liberalisation of the economy, **92% were informal jobs**, according to an analysis of National Sample Survey Office (NSSO) data for 2011-12. While formal workers comprised 6% of the total workforce in 1999-2000, this increased to around 9% in 2011-12, showing that the jobs that were created in the formal sector were mainly informal, employing workers with low earnings and with limited or no social protection.

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Reason is correct: Agriculture accounted for nearly 30 per cent of the total GDP in 1991, and now accounts for 17.4 per cent of the economy. The services sector presently contributes nearly 54 per cent to domestic GDP and this was 39 per cent in 1991.
The industry sector's contribution to GDP stands at 29 per cent now against 30 in 1991.
Services sector contributes over 50 per cent to India's GDP. While Covid-19 pandemic has had an adverse impact on most sectors of the economy, the services sector has been the worst affected as its' share in India's GVA declined from 55 per cent in 2019-20 to 53 per cent in 2021-22.
Source: https://pib.gov.in/PressReleasePage.aspx?PRID=1793804
https://economictimes.indiatimes.com/markets/stocks/news/since-1991-budget-size-grew-19-times-economy-9-times-your-income-5-times/articleshow/62735382.cms?from=mdr
https://www.business-standard.com/article/jobs/90-of-jobs-created-over-two-decades-post-liberalisation-were-informal-119050900154_1.html

Q.15) Consider the following statements regarding 'Rashtriya Gram Swaraj Abhiyan (RGSA)':
1. The objective of the scheme is to improve the governance capabilities of Panchayati Raj Institutions.
2. The scheme only covers Panchayati Raj Institutions created under Part IX of Indian Constitution.
3. It is a Central Sector Scheme having no financial contribution from the state Governments.
Which of the statements given above is/are correct?
a) 1 only
b) 1 and 2 only
c) 2 and 3 only
d) 1 and 3 only

Ans) a
Exp) Option a is the correct answer.
Statement 1 is correct: Rashtriya Gram Swaraj Abhiyan (RGSA) aims to **improve the governance capabilities of Panchayati Raj Institutions**. The scheme was **first approved in 2018** for implementation from 2018-19 to 2021-22. It will comprise Central and State components. The Central Components will be fully funded by the Government of India. The funding pattern for State Components will be in the ratio of 60:40 for Centre and States respectively, 90:10 for NE, Hilly States and Union Territory (UT) of J&K and 100% for UTs.
Statement 2 is incorrect: The scheme of Rashtriya Gram Swaraj Abhiyan will **extend to all States and UTs of the country** and will also **include institutions of rural local government in non-Part IX areas**, where Panchayats do not exist.
Statement 3 is incorrect: Cabinet Committee on Economic Affairs has approved the continuation of revamped **Centrally Sponsored Scheme** of Rashtriya Gram Swaraj Abhiyan (RGSA). It is continued for implementation during the period from 2022 to 2026 at a total cost of ₹5911 crore including **Central Share of ₹3700 crore and State share of ₹2211 crore.**
Source: Cabinet approves continuation of revamped Centrally Sponsored Scheme of Rashtriya Gram Swaraj Abhiyan(RGSA) -ForumIAS Blog

Q.16) The Ministry of Women and Child Development does not consider the Global Hunger Index (GHI) as a realistic parameter because of which of the following reasons?
a) All the indicators used to assess hunger levels are children-related that does not represent the entire population.
b) Complete absence of opinion polls from the methodology of the index.
c) The GHI estimations are based on a very small sample size.
d) The base year for the GHI is too old to represent the current nutritional conditions.

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Ans) c

Exp) Option c is the correct answer.

The Global Hunger Report 2022 released by Concern Worldwide and Welt Hunger Hilfe, Non-Government Organisations from Ireland and Germany respectively, has ranked India at 107 among 121 countries. The index is an erroneous measure of hunger and suffers from serious methodological issues.

Option a is incorrect: The Indian government has primarily maintained two major objections over the past two installments of the GHI. In a press release, the ministry of women and child development (MWCD) says, "**Three out of the four indicators used for calculation of the index are related to the health of children** and cannot be representative of the entire population." So, **all indicators are not children-related.**

Option b and d are incorrect: India has not pointed out these as a reason to criticize the GHI.

Option c is correct: The ministry of women and child development claims that the fourth and most important indicator estimate of Proportion of Undernourished (PoU) population is **based on an opinion poll conducted on a very small sample size of 3000**.

The FAO estimate is based on "Food Insecurity Experience Scale (FIES)" Survey Module conducted through Gallop World Poll, which is an "opinion poll" based on "8 questions". The data collected from a miniscule sample for a country of India's size through FIES has been used to compute PoU value for India which is not only wrong and unethical; it also reeks of obvious bias.

Knowledge Base:

India is ranked second lowest amongst the SAARC nations, with Pakistan at 99, Bangladesh at 84, Nepal at 81, and even the crisis-stricken Sri Lanka at 64. Only Afghanistan is ranked lower at 109.

The GHI official website mentions that they don't use the FIES and instead rely on the prevalence of undernourishment indicators assessed by the FAO using the Food Balance Sheet, which is based primarily on data officially reported by member countries, including India.

Source: https://pib.gov.in/PressReleasePage.aspx?PRID=1868103

Q.17) Consider the following pairs with reference to various Prime Ministers of India and the Poverty alleviation schemes introduced under their tenure:

Prime Minister	**Poverty alleviation scheme introduced by the government**
1. Jawahar Lal Nehru	Integrated Rural Development Programme.
2. Indira Gandhi	Jawahar Rozgar Yojana
3. Lal Bahadur Shastri	Food for Work Programme
4. P.V. Narsimha Rao	National Social Assistance Programme

How many pairs given above are correct?

a) Only one pair

b) Only two pairs

c) Only three pairs

d) All four pairs.

Ans) a

Exp) Option a is the correct answer.

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Poverty alleviation programmes are launched by government to remove poverty and provide better access to work, food and basic facilities to the poor people.

Pair 1 is incorrect: The Integrated Rural Development Program (IRDP) was launched by the Government of India **(Morarji Desai)** during 1978 and implemented during 1980. The program aimed at providing employment opportunities to the poor and a chance to enhance their skill sets. The focus of IRDP was also mainly on the target group i.e. small and marginal farmers, agricultural labourers and rural artisans. Its goal is to provide long term employment to disadvantage group and increasing rural small scale industry production.

Pair 2 is incorrect: Jawahar Rozgar Yojana was launched in 1989(V.P. Singh) launched with the merger of two schemes National Rural Employment Programme and Rural Landless Guarantee Programme (RLGP) aimed at providing sustainable employment to rural population.

Objectives of Jawahar Rozgar Yojana:

(a) Providing employment opportunities to unemployed and under-employed population in the rural areas.
(b) Developing rural Infrastructure and establishments for the benefits of the rural areas.
(c) Preference was given to the OBCs, SC/STs etc.
(d) Special reservation for women 30% of the employment opportunities.

Pair 3 is incorrect: Food for work programme was started in **1970s**. Under this scheme by **food grains were provided instead of wages** aiming to address poverty and food security in backward regions. Under this scheme some **unskilled manual labour** like constructing kutcha road, cleaning historical monuments etc. was given to disadvantage group and were provided with food grains. This scheme later in 2001 revamped into National food for work programme.

Pair 4 is correct: In 1995, during P.V. Narsimha Rao government, National Social Assistance programme (NSAP) was launched. It represents a significant step towards the fulfilment of the **Directive Principles of State Policy under article 41 and 42 enshrined in the Constitution** of India which encourage the State to undertake number of welfare measures. The National Social Assistance Programme (NSAP) then comprised of

1) National Old Age Pension Scheme (NOAPS),
2) National Family Benefit Scheme (NFBS) and
3) National Maternity Benefit Scheme (NMBS).

These programmes target at providing social assistance benefit to the widows, destitute, aged, the BPL households in the case of death of the primary breadwinner and for maternity. It ensures minimum national standards in addition to the benefits that the States were then providing or would provide in future.

Source: https://www.bankbazaar.com/saving-schemes/integrated-rural-development-program.html
https://www.indiamapped.com/yojanas-in-india/jawahar-rozgar-yojana/
https://www.indiamapped.com/yojanas-in-india/food-for-work-programme/
https://nsap.nic.in/circular.do?method=aboutus

Q.18) With reference to the poverty levels, consider the following statements:

1. Absolute poverty is when people earn just enough money to afford the bare necessities of life.
2. Relative poverty is when people earn just enough money to maintain the average standard of life in the society of their living.

Which of the statements given above is/are **incorrect**?

a) 1 only
b) 2 only
c) Both 1 and 2
d) Neither 1 nor 2

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Ans) c

Exp) Option c is the correct answer.

Poverty line refers to the limit according to the government standards below which one is classified as poor. In India, Tendulkar Committee has formulated a new poverty line in (2004-2005). According to this, **uniform poverty line basket for rural and urban areas of each state has been defined.**

On the basis of income and consumption, poverty is classified into **Absolute poverty and Relative poverty.**

Statement 1 is incorrect: Absolute poverty is when household income is below a certain level. This makes it impossible for the person or family to meet basic needs of life including food, shelter, safe drinking water, education, healthcare, etc.

Statement 2 is incorrect: Relative poverty is the condition in **which people lack the minimum amount of income needed in order to maintain the average standard of living in the society** in which they live. Relative poverty is defined relative to the members of a society and, therefore, differs across countries. People are said to be impoverished if they cannot keep up with the standard of living as determined by society.

Relative poverty also changes over time. As the wealth of a society increases, so does the amount of income and resources that the society deems necessary for proper conditions of living.

Source: https://www.endpoverty.org/blog/relative-poverty-vs-absolute-poverty
https://www.habitatforhumanity.org.uk/blog/2018/09/relative-absolute-poverty/
https://www.thehindu.com/news/national/415-crore-indians-exited-multi-dimensional-poverty-since-2005-06/article66023269.ece#:~:text=The%20incidence%20of%20poverty%20there,10%20poorest%20in%202019%2F2021.

Q.19) Which of the following statements are correct regarding the challenges in the school education in India?

1. Prevalence of rote learning as a practise of studying in most schools.
2. Lack of standard assessment method to track the student performance in schools.
3.Burden on teachers to spend their time in non-teaching tasks.
4. Lack of capacity building of teachers

Select the correct answer using the code given below:

a) 1 and 3 only
b) 1, 2 and 3 only
c) 2, 3 and 4 only
d) 1, 2, 3 and 4

Ans) d

Exp) Option d is the correct answer.

Sustainable Development Goal 4 is about quality education. It aims at securing inclusive and equitable quality education and promoting lifelong learning opportunities for all.

Statement 1 is correct: Rote learning or memorisation of information based on repetition and recalling. our education suffers from the drawback of testing knowledge than developing knowledge. It promotes learning deficit among students specially of primary classes. ASER 2018 showed that in grade 5, only half of all children could read a grade 2 level text fluently.

Statement 2 is correct: assessments in most of the schools were done in an ad hoc and dispersed manner. There is a lack of consistent and high-quality data with the purpose of various assessments. **Standardized assessment is missin**g, which makes it difficult to effectively measure and track student performance.

Statement 3 is correct: S**chool teachers occupied with non-teaching activities leading to degradation of quality of education in India**. Instead of providing education which is their primary role, they have to deal

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with tasks like election duty, data collection. It increases the stress level among the teachers. **According to the report by the National Institute of Educational Planning and Administration (NIEPA) only 19% of a teacher's annual school hours are spent on teaching activities.**

Statement 4 is correct: Data from SATH States has shown that teachers' capacity is very weak on pedagogy as well as on content of the topics. Particularly in middle and secondary grades. **Many teachers are scoring themselves <60-70% in papers of the grades that they teach.** The situation is similar for upper primary teachers in English, Hindi and Math.

Knowledge Base: National Education Policy (NEP) aims at achieving foundational skills which includes reading, writing and arithmetic for all children in primary school, and beyond by 2025

Source: https://www.indiatoday.in/education-today/featurephilia/story/how-rote-learning-restricts-a-child-s-creativity-1739093-2020-11-08

https://www.deccanchronicle.com/nation/current-affairs/220918/teachers-spend-only-191-per-cent-time-teaching.html

https://www.niti.gov.in/sites/default/files/2021-11/BCG_SATHE_DIGITAL_13112021_0.pdf

Q.20) Which one of the following statements regarding Parliamentary Committee on Official Language is correct?

a) It is a statutory committee setup in 1976 under the Official Languages Act,1963.

b) It reviews the progress made in the use of Eighth schedule languages for the Official purposes of the Union.

c) The committee submit its report to the Parliament, from where it is sent to all the State Legislatures.

d) Speaker of the Lok Sabha has been the Chairman of the Committee as per Rules of Procedure of Lok Sabha.

Ans) a

Exp) Option a is the correct answer.

Statement a is correct: The **Committee of Parliament on Official Language** came into existence as a result of the arrangements made in the **Official Language Act, 1963**. The Act was created to determine the official language policy of the Union after 26 January, 1965. It envisaged to adopt Hindi for official purposes. **Section 4 (1) of the Act** provides that the Official Language Committee will be constituted after the expiry of ten years from the date of commencement of Section 3 of the said Act (i.e. 26 January, 1965). Accordingly, the **Committee of Parliament on Official Language was formed in January, 1976.**

Statement b is incorrect: According to the provisions of the Official Language Act, 1963, the duties entrusted to the Committee are to **review the progress made in the use of Hindi (not Eighth Schedule languages) for the official purposes of the Union.**

Statement c is incorrect: The Committee of Parliament on Official Language **submit report to the President (not Parliament)** while making recommendations on use of Hindi for the official purposes of the Union. The **President will get that report laid before every House of Parliament** thereafter and send it to all the State Governments.

Statement d is incorrect: As a convention, the **union Home minister has been the Chairman** of the Committee from time to time, **not** the **Speaker**. The Committee comprises 30 members of Parliament, 20 from Lok Sabha and 10 from Rajya Sabha. These members are to be elected respectively by the members of Lok Sabha and Rajya Sabha in accordance with the system of proportional representation by means of the single transferable vote.

Knowledge Base:

Official Language of the Union: Article 343 of the Constitution of India stated that the official language of the Union is Hindi in Devanagari script, with the official use of English to continue for 15 years from 1947.

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Later, the Official Languages Act of 1963 allowed for the continuation of English alongside Hindi in the Indian government indefinitely until legislation decides to change it.
Source: Union Home Minister presided over the 37th meeting of the Parliamentary Official Language Committee -ForumIAS Blog
संसदीय राजभाषा समिति, Parliamentary Official Language Committee, Department of Official Language, Government of India (rajbhashasamiti.gov.in)

Q.21) Which of the following would include Foreign Direct Investment in India?
1. Subsidiaries of foreign companies in India
2. Majority foreign equity holding in Indian companies
3. Companies exclusively financed by foreign companies
4. Portfolio investment
Select the correct answer using the codes given below:
a) 1, 2, 3 and 4
b) 2 and 4 only
c) 1 and 3 only
d) 1, 2 and 3 only

Ans) d
Exp) Option d is the correct answer.
Option 1, 2 and 3 are correct. The Subsidiaries of foreign companies in India, majority foreign equity holding in Indian companies and Companies exclusively financed by foreign companies come under the FDI. Foreign Direct Investment (FDI) is the investment through capital instruments by a person resident outside India (a) in an unlisted Indian company; or (b) in 10 percent or more of the post issue paid-up equity capital on a fully diluted basis of a listed Indian company.
Option 4 is incorrect. Foreign Portfolio Investment is any investment made by a person resident outside India in capital instruments where such investment is (a) less than 10 percent of the post issue paid-up equity capital on a fully diluted basis of a listed Indian company or (b) less than 10 percent of the paid up value of each series of capital instruments of a listed Indian company.
Off all the listed options, except Portfolio investment all will come under FDI in India.
Knowledge Base:
Foreign portfolio investment is the purchase of securities of foreign countries, such as stocks and bonds, on an exchange. Direct investment is seen as a long-term investment in the country's economy, while portfolio investment can be viewed as a short-term move to make money.
Source) UPSC CSE Pre 2012

Q.22) With reference to the World Bank & International Monetary Fund (IMF), consider the following statements:
1. IMF aims at economic development and poverty reduction, whereas aim of the World Bank is to ensure the stability of the international monetary system.
2. To become a member of the World Bank Group, a country must first join the IMF.
3. Both World bank and IMF grants loans to Private sector.
Which of the statements given above is/are correct?
a) 2 and 3 only
b) 3 only
c) 2 only
d) 1, 2 and 3

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Ans) c

Exp) Option c is the correct answer.

Statement 1 is *incorrect*.

The **International Monetary Fund (IMF)** primarily aims to ensure the stability of the international monetary system—the system of exchange rates and international payments that enables countries and their citizens to transact with each other. It aims to **facilitate the expansion and balanced growth of international trade.** On the contrary, the **World Bank Group primarily aims at reducing poverty,** increasing shared prosperity, and promoting sustainable development. It provides financing, policy advice, and technical assistance to governments, and also focuses on strengthening the private sector in developing countries.

Statement 2 is correct. To become a member of the World Bank, under the International Bank for Reconstruction and Development (IBRD) Articles of Agreement, a **country must first join the International Monetary Fund (IMF) and not vice-versa.**

Statement 3 is *incorrect*. IMF loans are meant to **help only member countries** tackle balance of- payments problems, stabilize their economies, and restore sustainable economic growth. Thus, **IMF only lends to the governments, not the private sector or civil society.**

On the contrary, the **International Finance Corporation (IFC) of the World Banks lends to the private sector** while Multilateral Investment Guarantee Agency (MIGA) encourages private companies to invest in foreign countries.

Knowledge Base: Resources for IMF loans to its members on non-concessional terms are provided by member countries, primarily through **their payment of quotas.** Multilateral (New Arrangements to Borrow) and bilateral borrowing agreements serve as a second and third line of defence, respectively, by providing a temporary supplement to quota resources.

On the other hand, the World Bank's financial reserves come from several sources - from **funds raised in the financial markets, from earnings on its investments, from fees paid in by member countries,** from contributions made by members (particularly the wealthier ones) and from borrowing countries themselves when they pay back their loans.

Source: https://www.worldbank.org/en/about/history/the-world-bank-group-and-the-imf
https://www.worldbank.org/en/about/leadership/members
https://www.imf.org/en/About/Factsheets/IMF-at-a-Glance
https://www.worldbank.org/en/news/feature/2012/07/26/getting_to_know_theworldbank

Q.23) With the reference to organic farming in India, consider the following statements:
1. All states in India have their own state organic certification agencies.
2. Organic farming accounts for about ten percent of the net sown area in the country.
3. Sikkim is the only Indian state to have become fully organic in India.
Which of the statements given above is/are correct?
a) 1 and 2 only
b) 3 only
c) 1 and 3 only
d) 2 and 3 only

Ans) b

Exp) Option b is the correct answer.

Organic farming can be defined as an agricultural process that uses biological fertilisers and pest control acquired from animal or plant waste.

Statement 1 is incorrect.

www.insightsonindia.org

Currently, only 12 states – Madhya Pradesh, Gujarat, Telangana, Sikkim, Bihar, Karnataka, Odisha, Rajasthan, Uttarakhand, Chhattisgarh, Tamil Nadu and Uttar Pradesh have their own state organic certification agencies accredited by Agricultural and Processed Food Products Export Development Authority (APEDA).

Statement 2 is incorrect. Organic farming is in a **nascent stage in India**. About 2.78 million hectares of farmland was under organic cultivation as of March 2020, according to the Union Ministry of Agriculture and Farmers' Welfare. **This is two per cent** of the 140.1 million ha net sown **area in the country.**

The top three states, **Madhya Pradesh, Rajasthan and Maharashtra** account for about half the area under organic cultivation. The top 10 states account for about 80 per cent of the total area under organic cultivation.

Statement 3 is correct. Sikkim is the only Indian state to have become **fully organic** so far. A majority of the states have only a small part of their net sown area under organic farming. Even the top three states that account for the largest area under organic cultivation – Madhya Pradesh, Rajasthan and Maharashtra – have only around 4.9, 2.0 and 1.6 per cent of their net sown area under organic farming respectively.

Source: https://news.agropages.com/News/NewsDetail---42830.htm

Q.24) Consider the following statements with reference to the Female Labour Force Participation in India:

1. It has consistently increased in India during the last two decades, mainly due to liberalization reforms.
2. Female Labour Force Participation is higher in rural areas than urban areas in recent past.

Which of the statements given above is/are correct?

a) 1 only
b) 2 only
c) Both 1 and 2
d) Neither 1 nor 2

Ans) b

Exp) option b is the correct answer.

The **labor force participation rate measures the percentage of adults who are either employed or actively looking for a jo**b. The participation of women in the labour force varies considerably across developing countries and emerging economies, far more than
in the case of men.

Statement 1 is incorrect: The **female labour force participation has not increased consistently in last two decades**. **Female participation rates declined from 34.1 per cent in 1999-00 to 27.2 per cent in 2011-12,** and wide gender differences in participation rate also persists. As per PLFS 2020-21, all India Female Labour Participation Rate is at 25.1.

Statement 2 is correct: The **Periodic Labour Force Survey (PLFS) data in 2020-2021 highlights that female labour force participation in rural area is higher than urban areas.**

Source: https://economictimes.indiatimes.com/jobs/despite-policy-support-labour-participation-by-women-still-low/articleshow/90061223.cms
https://www.ilo.org/wcmsp5/groups/public/---asia/---ro-bangkok/---sro-new_delhi/documents/genericdocument/wcms_342357.pdf
https://pib.gov.in/PressReleaseIframePage.aspx?PRID=1833855
https://pib.gov.in/PressReleaseIframePage.aspx?PRID=1833855

Q.25) With reference to 'Nidhi Companies', consider the following statements:

1. They are a type of financial institutions that raise funds exclusively from their members.
2. A Nidhi company can provide loans to its members only.
3. They come under the dual regulation of Reserve Bank of India and Department of Company Affairs.

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Which of the statements given above are correct?
a) 1 and 3 only
b) 1 and 2 only
c) 1, 2 and 3
d) 2 and 3 only

Ans) c

Exp) Option c is the correct answer.

The government of India has released the Nidhi (amendment) Rules, 2022. This amendment brings changes to the Nidhi Rules,2014 to safeguard the interest of the general public.

Statement 1 is correct: Nidhi companies are a type of **non-bank lenders** that **raise funds exclusively from their members** and give loans to them.

Statement 2 is correct: To become a Nidhi company, the entity has to first register as a public limited company which has more disclosure requirements than a private limited company.

Nidhi Company can provide loans only to its members. And they cannot give loans to companies.

Statement 3 is correct: Nidhi Companies are regulated by the **Reserve Bank of India (**RBI) for deposit-taking and by the **Department of Company Affairs (DCA) for operational matters and deployment of funds.**

Source: Central Government amends Nidhi Rules, 2014 to safeguard the interest of general public - ForumIAS Blog

Q.26) Consider the following pairs regarding the types of unemployment and their examples:

Type of Unemployment	**Example/ Explanation**
1. Frictional	Unemployment occurring due to automation
2. Structural	Unemployment in skiing resort in summer months
3. Cyclical	Unemployment during 2008 Financial Crisis

Which of the above given pairs is/are matched correctly?
a) 2 only
b) 3 only
c) 1 and 2 only
d) 2 and 3 only

Ans) b

Exp) Option b is the correct answer.

Unemployment is when a person who's actively seeking employment can't find work – but its effects go beyond any one individual looking for a job. Unemployment also has implications for families, employers, and the economy. There are several kinds of employment.

Pair 1 is incorrect: Frictional unemployment is the **result of people voluntarily leaving their jobs. People who've resigned from their jobs and graduates seeking their first jobs** need time to find employment, leaving them unemployed in the interim. Looking for a job, seeking a replacement employee, and finding the right employee for a job take time, but frictional unemployment isn't necessarily bad. This type of

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unemployment usually is short term, and it's present even in a healthy economy as people leave their jobs to seek new opportunities. **Job loss due to automation would not fall under frictional unemployment.**
Pair 2 is incorrect: Fundamental changes in the economy and labor markets, such as evolving technology, government policies, and competition, can create structural unemployment. This means that while jobs are available, the people who could fill those roles either don't have the right skills for them or aren't in the right location. **Examples would include job loss due to automation**. **Unemployment in skiing resort in summer** months would an example of **seasonal unemployment**.
Pair 3 is correct: The **term "cyclical unemployment" refers to the variation in the number of unemployed workers during cycles of economic strength and weakness**. When demand for a product or service declines, production also goes down. This creates less need for employers to hire people who are looking for jobs, causing the unemployment rate to increase. **During the early stages of the COVID-19 pandemic, for example, people were confined to their homes, leading many businesses to shut down**. During this economic downturn, many employees of those businesses weren't needed and were left unemployed. **The financial crisis of 2008 provides is an example of cyclical unemployment.**
Source: https://online.maryville.edu/blog/8-types-of-unemployment-understanding-each-type/
NCERT Class XI: Indian Economic Development; Chapter-7

Q.27) Which among the following can be considered as the features of an open economy?
1. Allowing foreign Investment in a country
2. Trade in services across national borders
3. Following Fixed Exchange Rate
4. Complete Convertibility of Capital Account
Select the correct answer using the code given below:
a) 1 and 2 only
b) 2, 3 and 4 only
c) 1, 2 and 4 only
d) 1, 2, 3 and 4

Ans) c
Exp) Option c is the correct answer.
An open economy is one that trades commodities, services as well as financial assets with other countries. An open economy is one that conducts business with other countries in a variety of ways.
Option 1 is correct: Open economy allows inflow and outflow of money and is not highly restrictive about it. Thus, it **allows various kinds of foreign investment** in the economy in form of foreign direct investment (FDI) as well as Foreign Institutional Investors etc.
Option 2 is correct: Open economy allows easy trade in both goods and services. Essentially it is the amount of trade one country does with other countries that define its openness.
Option 3 is incorrect: Fixed exchange rate is not a feature of an open economy. It is rather more likely to occur in a closed economy as they tend to regulate the movement of foreign currency in a highly restrictive manner. On the other hand, a floating exchange rate is an exchange rate system where a country's currency price is determined by the foreign exchange market, depending on the relative supply and demand of other currencies, this is more likely to happen in open economies.
Option 4 is correct: Full capital account convertibility opens up the country's markets to global players including investors, businesses, and trade partners. A fully convertible capital account provides three key benefits. These are stock market returns, reduction in transaction cost due to free rupee convertibility, and improvement in savings and investments which effectively accelerates growth.
Source: https://ncert.nic.in/textbook/pdf/leec106.pdf
https://www.thehindubusinessline.com/opinion/columns/slate/all-you-want-to-know-about/article33215196.ece

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Q.28) With reference to the economy, the term 'invisibles' refers to?
a) It is an international transaction that includes an exchange of non-tangible goods.
b) They are one-sided economic transactions between a resident entity and a non-resident entity.
c) It is the difference between a nation's gross national product and gross domestic product.
d) It is two-way transaction where money is usually recovered through disposal of the assets.

Ans) a
Exp) Option a is the correct answer.
Option a is correct: An invisible trade is an international transaction that includes an exchange of non-tangible goods. Customer service outsourcing, overseas banking transactions, and the medical tourism industry all are examples of invisible trade. Invisible trade or the exchange of non-tangible goods represents an increasing percentage of the world's business. Global financial services and insurance companies, shipping services, and tourism all engage in invisible trade.
Option b is incorrect: Current transfers are one-sided transaction transfers characterized by a resident entity in one nation providing a non-resident entity with an economic value.
The two main types of current transfers are general government transfers, which are conducted between governments of two countries, and other sector transfers, such as those involving worker remittances or premiums associated with non-life insurances.
Option c is incorrect: Net foreign factor income (NFFI) is the difference between a nation's gross national product (GNP) and gross domestic product (GDP).
NFFI is the difference between the aggregate amount that a country's citizens and companies earn abroad and the aggregate amount that foreign citizens and overseas companies earn in that country.
Option d is incorrect: Capital account transactions are two way and multiple transactions. In **capital account transactions, paid money can be recovered through periodical income or by disposal of the asset created.** Likewise, the received money needs to be repaid periodically and settled finally by repaying the full amount.
Source: https://economictimes.indiatimes.com/definition/trade
https://www.google.com/url?sa=t&rct=j&q=&esrc=s&source=web&cd=&cad=rja&uact=8&ved=2ahUKEwifxMmjgaH7AhURRnwKHcX5DVEQFnoECCsQAQ&url=https%3A%2F%2Fwww.investopedia.com%2Fterms%2Fi%2Finvisible-trade.asp&usg=AOvVaw2z3XtzFX0getzQNpLuIqLS
Indian economy by Shankar Ganesh. Page no-282.

Q.29) Consider the following statements with reference to the Autonomous and Accommodating Transactions:
1. Autonomous transactions are international economic transactions made independently of the state of the Balance of Payments.
2. Accommodating transactions are the transactions made to cover the deficit occurred due to the autonomous transactions.
Which of the statements given above is/are correct?
a) 1 only
b) 2 only
c) Both 1 and 2
d) Neither 1 nor 2

Ans) c
Exp) Option c is the correct answer.
Statement 1 is correct: Autonomous transactions are the International economic transactions that are made independently of the state of the Balance of Payments (BOP). These transactions take place due to

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some economic motives like earning income and profit maximization. They have nothing to do with foreign exchange payments. Autonomous transactions are generally called 'above the line items' in Balance of payments. It is autonomous transactions which make deficit or surplus in BOP. BOP is in deficit if the autonomous receipts are less than autonomous payments. BOP is in surplus if the autonomous receipts are greater than autonomous payments.

Statement 2 is correct: Accommodating transactions are determined by the net consequences of the autonomous items. Accommodating transactions refer to transactions that are made to cover deficit or surplus arising from autonomous transactions. Accommodating transactions are called 'below the line items. Because of government financing, official settlements are seen as accommodating items to keep the BOP identity.

Source: https://www.economicsdiscussion.net/difference-between/economical-distinction-between-autonomous-and-accommodating-items-in-bop-account/624

Class 11th NCERT. Indian Economic Development. Chapter 6. Open economy macroeconomics.

Q.30) Consider the following statements regarding 'UN Human Rights Council (UNHRC)':

1. The member states of the council are elected by the United Nations General Assembly through direct and secret ballot.
2. The council has the authority to carry out the Universal Periodic Review of human rights records of all UN member state.
3. The rights and privileges of any council member can be suspended only by the UN Security Council.

Which of the statements given above is/are correct?

a) 1 and 2 only
b) 2 only
c) 2 and 3 only
d) 1 and 3 only

Ans) a

Exp) Option a is the correct answer.

Statement 1 is correct: The Human Rights Council is an **inter-governmental body** within the 'United Nations' system. The UNHRC replaced the former United Nations Commission on Human Rights. The Council was created by the United Nations General Assembly in 2006 by a resolution. The Council is made of **47 Member States, elected by the General Assembly of the UN through direct and secret ballot**. The General Assembly takes into account the candidate States' contribution to the promotion and protection of human rights, as well as their voluntary pledges and commitments in this regard.

Statement 2 is correct: The UN Human Right council carries out the **Universal Periodic Review** of all UN member states. This allows civil **society groups to bring accusations of human rights violations in member states** to the attention of the UN. The Council holds no fewer than three regular sessions a year, for a total of at least ten weeks. If one third of the Member States requests so, the Council can hold a special session to address human rights violations and emergencies.

Statement 3 is incorrect: As per the rules, the **United Nations General Assembly (UNGA) can suspend the rights and privileges of any Council member** that it decides has persistently committed gross and systematic violations of human rights during its term of membership. To suspend a member, one needs a **two-thirds majority vote by the General Assembly**. The United Nations General Assembly (UNGA) has **voted to suspend Russia from the UN Human Rights Council (UNHRC).**

Note: This is **only the second time the UNGA** has suspended a country from the 47-member UN Human Rights Council after its formation in 2006. In 2011, **Libya was thrown out** through a resolution adopted by UNGA through consensus.

Source: https://blog.forumias.com/u-n-suspends-russia-from-human-rights-council-india-abstains-from-vote/ UN Human Rights Council -ForumIAS Blog

ForumIAS Study materials.org

Q.31) Consider the following statements:
Human capital formation as a concept is better explained in terms of a process which enables
1. Individuals of a country to accumulate more capital.
2. Increasing the knowledge, skill levels and capacities of the people of the country.
3. Accumulation of tangible wealth.
4. Accumulation of intangible wealth
Which of the statements given above is/are correct?
a) 1 and 2
b) 2 only
c) 2 and 4
d) 1, 3 and 4

Ans) c
Exp) Option c is the correct answer.
Statements 2 and 4 are correct whereas Statements 1 and 3 are incorrect.
Investment in education, in health, on- the job training, migration and information are the sources of human capital formation. This will lead to enhancement in the knowledge, skill levels and capacities of the people of the country. These are the essential needed for human capital formation.
Intangible wealth includes patents, intellectual property rights etc. Thus, if more patents and IPs are generated it indicates that population is more educated- pointing to human capital formation.
Knowledge Base: A substantial part of the human capital formation takes place in one's life when she/he is unable to decide whether it would maximise her/his earnings. Children are given different types of school education and health care facilities by their parents and the society. The peers, educators and society influence the decisions regarding human capital investments even at the tertiary level, that is, at the college level. Moreover, the human capital formation at this stage is dependent upon the already formed human capital at the school level. Human capital formation is partly a social process and partly a conscious decision of the possessor of the human capital.
Source) UPSC CSE Pre 2018

Q.32) With reference to economy, consider the following statements:
Assertion (A) – Depreciation of rupee can result in an increase in domestic inflation.
The Reason (R) - Depreciation leads to an increase in the prices of imported goods.
Which of the following options is correct?
a) Both Assertion (A) and Reason (R) are the true and Reason (R) is a correct explanation of Assertion (A).
b) Both Assertion (A) and Reason (R) are the true but Reason (R) is not a correct explanation of Assertion (A).
c) Assertion (A) is true and Reason (R) is false.
d) Assertion (A) is false and Reason (R) is true.

Ans) a
Exp) Option a is the correct answer.
Assertion (A) is correct: As Rupee depreciates, the cost of imports goes up, which in turn increases the external deficit as well as the fiscal deficit. A weaker Rupee **raises the cost of all imports**, thereby increasing the price of goods and putting upward pressure of **domestic inflation.**
Reason (R) is correct: The biggest impact of a weakening rupee is inflation, given India imports more than 80% of its crude oil.
Depreciation reduces the value of a country's currency when compared with the currency of other countries. **Depreciation discourages imports because the imported goods become more expensive** due

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to a reduction in the value of rupee. **As the goods become more and more expensive it leads to rising inflation.**

Thus Reason (R) is a correct explanation of Assertion (A).

Source: https://www.outlookindia.com/business/rupee-at-record-low-rupee-vs-dollar-why-is-rupee-falling-and-how-will-it-impact-the-indian-economy-and-people-why-is-indian-rupee-falling-news-205888

Q.33) Which of the following are the possible reasons for the rise in economic inequality after the 1991 economic reforms in India?

1. Reduction in public investment in agriculture
2. Decline in the availability of casual labour
3. Poor growth of public expenditure in social sectors
4. Rapid decline in foreign direct investments in India

Select the correct answer using the code given below:

a) 1 and 2 only
b) 2, 3 and 4 only
c) 1 and 3 only
d) 1, 3 and 4 only

Ans) c

Exp) Option c is the correct answer.

Statement 1 is correct. The share of agriculture investment in the total investment declined from 11.4% in 1980s to 7.4% in 2000s. Evidence show that inequality increased in post-reform period India. Even with a doubling of per capita consumption growth in the post-reform decade, the decline in poverty was less by a quarter compared to the pre-reform decade.

There has been a **relative neglect of the agriculture sector** by policymakers. While economic development entails a move from the off-farm to industry and services, deficiencies of public investments in agriculture, and in the rural economy more generally, has been problematic precisely because the productivity of agriculture determines the standards of living of the majority of the people in India.

Statement 2 is *incorrect*. Post-reform period saw an **increase in casual labour and not a decline.** The growth of the labour-intensive manufacturing sector has been slow and has been lagging behind the service sector, which is less labour intensive. Also, a high growth in the post-liberalisation period has been accompanied by **increased informalisation and de-unionisation of workforce.** Economically and socially deprived sections of society were mostly employed as casual labour. These are some of the worrisome features of the labour market, as these workers have low bargaining power and earn meagre wages.

Statement 3 is correct. Public expenditure on social sectors has suffered after 1991. As a percentage of GDP, social sector expenditure after 1991 was generally less than what it was in the late 1980s. This has impacted the improvement in health and quality of education in India, which affects economic growth and its distribution.

Statement 4 is *incorrect*. India's foreign direct investments has **increased significantly since 1991**. FDI into India increased from $97 million in 1990-91 to about $84,835 million in FY 21-22.

Source: https://www.egyankosh.ac.in/bitstream/123456789/37979/1/Unit-11.pdf
https://www.thehindu.com/news/national/telangana/Economic-growth-post-reform-period-not-inclusive/article17006542.ece
https://theprint.in/economy/97-mn-in-1991-to-82-bn-in-2021-how-reforms-made-india-a-go-to-destination-for-fdi/699786/

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Q.34) Which of the following statements correctly describes the term 'Factoring'?
a) It is a type of supply chain finance where the bank/financial institution provides the seller an immediate amount of its invoice at a discounted rate.
b) It is a method of calculating the total cost of all the factors of production to produce a good or service.
c) It is a type of finance where the seller combines its different financial debts to form a consolidated financial instrument which is issued to investors.
d) It is a type of finance where the seller would sell its invoices to a third party to meet its short-term cash requirements.

Ans) d
Exp) Option d is the correct answer.
Option a is incorrect. Reverse factoring is a type of supply chain finance where the bank/financial institution provide seller an immediate amount on approved invoices at a discounted rate. It increases the payment terms without the need to negotiate the amount. It provides a secured supply chain and Diversified sources of capital.
Option b is incorrect. Factor cost (not the factoring) is the total cost of all the factors of production consumed or used in producing a good or service.
Option c is incorrect. A securitization is a financing tool for financial companies that helps them raise funds. It is the process by which a company clubs its different financial assets/debts to form a **consolidated financial instrument that** is issued to investors. In return, the investors in such securities get interest. It raises the liquidity in the market and is useful If a company has already issued many loans to its customers and wants to further add to the number.
Option d is correct. Factoring is a **type of finance** in which a seller would sell its invoices or the accounts receivable to a third party to meet its short-term liquidity needs. The major advantage of this process is that a company doesn't have to wait for two or three months and can address its liquidity needs by approaching a financial institution. Under the transaction between both parties, the factor or the third party would pay the amount due on the invoices minus its commission or fees.
Source: https://economictimes.indiatimes.com/definition/factoring
https://economictimes.indiatimes.com/definition/securitization
https://www.paisabazaar.com/business-loan/bill-discounting/
https://gocardless.com/guides/posts/what-is-reverse-factoring/

Q.35) With reference to 'Mission Vatsalya', consider the following statements:
1. The mission consists of schemes and policies for the empowerment and protection of women.
2. It will be implemented in partnership with the private sector as well as volunteer groups through a national level portal.
3. The scheme assists States/Union Territories in delivering the mandate of the Juvenile Justice Act 2015.
Which of the statements given above is/are correct?
a) 1 and 2 only
b) 2 only
c) 2 and 3 only
d) 1 and 3 only

Ans) c
Exp) Option c is the correct answer.
The Ministry of Women and Child Development has sent its draft guidelines for Mission Vatsalya Scheme to States and Union Territories to seek their suggestions.

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Statement 1 is incorrect: Mission Vatsalya focuses on **Child Protection Services and child welfare services.** It is essentially a renamed version of the pre-existing scheme called Child Protection Services. The objectives of the mission are to secure a healthy and happy childhood for every child in India.
Mission Shakti will consist of the schemes and policies for the **empowerment and protection of women**. Mission Shakti will cover schemes under two categories:
SAMBAL: This category will include schemes such as One Stop Centre, Mahila Police Volunteer, Women's Helpline, Swadhar, Ujjawala among others.
SAMARTHYA: This category will include schemes such as Beti Bachao Beti Padhao, Pradhan Mantri Matru Vandana Yojana among others**.**
Statement 2 is correct: Under the Vatsalya mission, the Government plans to **partner with the private sector as well as volunteer groups** for its scheme for the protection of vulnerable children such as those abandoned or missing. For this, a **Vatsalya portal will be developed** that will allow volunteers to register so that State and District Authorities can engage them in executing various schemes.
Statement 3 is correct: The Vatsalya mission will foster a sensitive, supportive and synchronized ecosystem for the development of children, **assist States/UTs in delivering the mandate of the Juvenile Justice Act 2015** and to achieve the SDG goals.
Components under the mission: It will include statutory bodies; service delivery structures; institutional care/services; non-institutional community-based care; emergency outreach services (through Childline or the national helpline 1098 for children); training and capacity building.
Source: 9 PM Daily Current Affairs Brief – April 8th 2022 -ForumIAS Blog
"Mission Shakti, Mission Poshan 2.0, and Mission Vatsalya" – 3 Umbrella schemes of Ministry of WCD - ForumIAS Blog

Q.36) With reference to SENSEX in India, consider the following statements:
1. It is one of the benchmark indexes of the BSE Limited.
2. It is comprised of 50 of the largest and most actively-traded stocks.
3. Its value is calculated in terms of both Indian rupees and U.S. dollars.
4. Its composition is re-evaluated once in every five years as per the performance of stocks of the companies.
Which of the statements given above are correct?
a) 1 and 2 only
b) 3 and 4 only
c) 1 and 3 only
d) 2 and 4 only

Ans) c
Exp) Option c is the correct answer.
Statement 1 is correct. Sensex is the benchmark index of the BSE in India. It was launched in 1986, as a basket of 30 stocks representing the country's largest, financially-sound companies listed on the BSE.
Sensex is a Free-float Market Capitalisation weighted stock market index. That is in this index, the total shares issued by the company is made available for trading to the general public. **It does not consider promoters holding, government holding, and other shares that will not be available in the market for trading in the ordinary course of events.** T**he market capitalization of any company in Sensex is determined by the stock price multiplied by the number of shares outstanding.**
Statement 2 is incorrect. SENSEX is the benchmark index of the Bombay Stock Exchange (BSE) in India. **The SENSEX index is made up of 30 (not 50) of the BSE's largest and most actively traded stocks, and it serves as a gauge for the Indian economy.**

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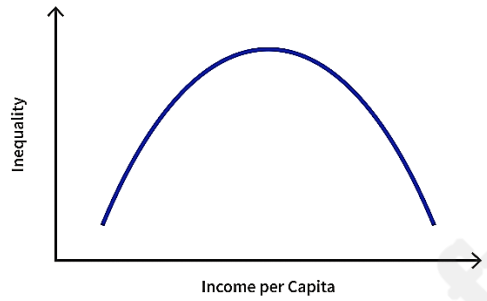
On the other hand, **National Stock Exchange-Fifty (NIFTY 50)** is a benchmark-based index of National **Stock Exchange's** showcasing the **top 50 equity stocks** listed on the stock exchange.
Statement 3 is correct. Sensex is calculated in **Indian rupees and U.S. dollars.** As they reflect both domestic and international benchmarks for the Indian market and reflect changes in both stock prices and exchange rates properly.
Statement 4 is incorrect. The Sensex is reviewed and re-evaluated **semi-annually each year in June and December.** It involves re-evaluation of the constituents of a particular index as it deals with addition and removal of stocks from the index and their re-ranking based on the current market situation.
Source: https://www.business-standard.com/podcast/markets/all-you-need-to-know-about-sensex-reshuffle-and-how-it-affects-investors-119112700641_1.html
https://www.indiatimes.com/worth/investment/sensex-and-nifty-explained-562810.html
https://www.business-standard.com/about/what-is-sensex#collapse

Q.37) Which one of the following statements is correct regarding 'Inequality'?
a) According to Kuznets Curve, economic growth initially leads to increased economic inequality in an economy.
b) Phillips Curve measures the degree of income inequality in an economy.
c) A Gini Coefficient of 1 means that everyone in the population has the same income.
d) The Gini coefficient for India has rapidly reduced during the last decade.

Ans) a
Exp) Option a is the correct answer.
Option a is correct. Kuznets Curve shows the relationship between economic growth and inequality. It is inverted U shaped meaning that as initially economic growth leads to greater inequality, followed later by the reduction of inequality**.** Simon Kuznets indicates that **inequalities rise with economic growth up to a point and then decline.** This is the so-called Kuznets **inverted 'U' shape curve.** Initially economic growth **increase overall inequality** as the rural-urban transformation takes place and labour moves from low productivity agriculture to high productivity urban industrial and service sector activities.



Option b is incorrect. Lorenz curve shows the degree of inequality in income and wealth in a given economy.

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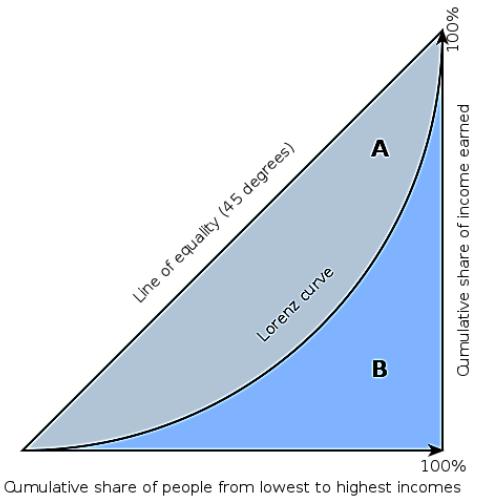

The Philips Curve provides a relationship between inflation and unemployment. The theory claims that with economic growth comes inflation, which in turn should lead to more jobs and less unemployment. The Phillips curve states that inflation and unemployment have a stable and inverse relationship.

Option c is incorrect. Gini coefficient, is a degree of the distribution of income across a population. A Gini Coefficient of zero means that everyone has the same income, while a Coefficient of 1 represents a single individual receiving all the income. Gini index or coefficient measures distribution of income across population. Gini coefficient of 1 indicates full inequality and 0 indicates full equality. Thus, higher Gini coefficient indicates greater inequality.

Option d is incorrect. The Gini coefficient was 35.7 per cent in 2011 in India. The coefficient increased to 47.9 per cent in 2018. Due to the COVID-19 pandemic, the Gini coefficient increased further. India is only second to Russia in the world in terms of inequality.

Source: https://www.downtoearth.org.in/blog/economy/why-inequality-is-india-s-worst-enemy-75778

https://www.thehindu.com/opinion/op-ed/what-is-kuznets-curve-economics/article19127870.ece#:~:text=A%20curve%20used%20to%20demonstrate,by%20American%20economist%20Simon%20Kuznets.

https://www.investopedia.com/terms/g/gini-index.asp

Q.38) Which of the following are the components of India's Foreign Exchange Reserves?

1. Special Drawing Rights
2. Investment in US treasury bonds by Reserve Bank of India
3. Silver holdings of the Reserve Bank of India
4. Reserve tranche position with International Monetary Fund

Select the correct answer from the options given below:

a) 1, 2, and 4 only
b) 2 and 3 only
c) 1 and 4 only
d) 1, 2, 3, and 4

Ans) a

Exp) Option a is the correct answer.

India's Foreign Exchange Reserves comprise Foreign Currency Assets, Gold, SDR's and Reserve tranche position with International Monetary Fund (IMF).

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Option 1 is correct. The Special Drawing Rights (SDR) is an forex reserve asset **created by the IMF** to supplement the official reserves of its member countries.
The SDR is not a currency. It is a potential claim on the freely usable currencies of IMF members. As such, SDRs can provide a country with liquidity.
Option 2 is correct. India's Foreign Exchange Reserves comprise Foreign Currency Assets, Gold, SDR's and Reserve tranche position with International Monetary Fund (IMF). **Foreign currency assets include investments in US Treasury bonds**, Bonds/Treasury Bills of other selected Governments, deposits with foreign central banks, foreign commercial banks etc.
Option 3 is incorrect. Silver holding of the RBI is **not included** in the foreign exchange reserves of India.
Option 4 is correct. A **reserve tranche** is a part of country's forex reserve. A reserve tranche is a portion of the required quota of currency each member country must provide to the **International Monetary Fund (IMF)** that can be utilized **for its own purposes**—without a service fee or economic reform conditions.
Source: https://indianexpress.com/article/business/economy/india-rbi-gold-reserves-7607754/#:~:text=Data%20from%20the%20Reserve%20Bank,metal%20held%20in%20September%202020.&text=46%3A09%20am-,Data%20from%20the%20Reserve%20Bank%20shows%20that%20the%20central%20bank,gold%20as%20of%20September%202021.
https://www.business-standard.com/about/what-is-forex-reserve
https://www.rbi.org.in/scripts/PublicationReportDetails.aspx?ID=383#:~:text=2.10%20From%20the%20country's%20balance,recorded%20in%20the%20capital%20account.
https://www.investopedia.com/terms/r/reserve_tranche.asp

Q.39) Which of the following conditions is **not** conducive for the occurrence of the demographic dividend in a country?
a) When a country is having a bell-shaped population pyramid.
b) When mortality and fertility rate is on a declining trend
c) When the share of non-working age population is larger than working age population
d) When conducive economic policies are put in place.

Ans) c
Exp) Option c is the correct answer.
Statement a is correct: Dome-shape or **bell-shaped pyramid** is seen in countries like India, Bangladesh, Mexico and Brazil that are witnessing demographic dividend phase. The population growth rates decline and life expectancy increases and becomes about 70 years. Lower- middle portion slightly bulges out and the shape of the pyramid resembles dome or bell.
Statement b is correct: Demographic Dividend is the result of **decline in a country's mortality and fertility** and the subsequent change in the age structure of the population.
Statement c is incorrect: Demographic dividend **is not conducive** when dependency ratio is high. Demographic dividend is a **window of opportunity** when share of the **working age population** between 15 and 64 years of age increases and share of children and elderly people age group decreased. Thus, changes in the age structure due to the demographic transition **lower the 'dependency ratio'**.
Statement d is correct: Demographic Dividend is a **demographic and economic concept**. It refers to an accelerated economic growth that a nation experiences once in a lifetime. It occurs when working age population grows at a faster pace than dependent population, provided that government **policies and institutions** are conducive to create employment opportunities for an expanding labour force.
Source: https://egyankosh.ac.in/bitstream/123456789/76242/1/Unit-3.pdf

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Q.40) Consider the following statements:
1. The Aadhaar Act stipulates that an individual should reside in India for a period of 12 weeks for being eligible to obtain an Aadhaar.
2. The Aadhaar can be issued to minor children under the age of five years based on the demographic information of their parents.
Which of the statements given above is/are correct?
a) 1 only
b) 2 only
c) Both 1 and 2
d) Neither 1 nor 2

Ans) b
Exp) Option b is the correct answer.
Comptroller and Auditor General (CAG) of India has pulled up the Unique Identification Authority of India (UIDAI) over a range of issues related to the issuance of Aadhar Cards**.**
Statement 1 is incorrect: The Aadhaar Act stipulates that an individual should **reside in India** for a **period of 182 days or more** in the twelve months immediately preceding the date of application for **being eligible to obtain an Aadhaar**. In 2019, this condition was relaxed for non-resident Indians holding valid Indian Passport.
However, UIDAI has not prescribed any specific proof/document or process for confirming whether an applicant has resided in India for the specified period and takes confirmation of the residential status through a casual self-declaration from the applicant.
Statement 2 is correct: For children below 5 years no biometrics will be captured. Their UID be processed on the basis of **demographic information and facial photograph linked with the UID of their parents.** These children will need to update their biometrics of ten fingers, iris and facial photograph, when they turn 5 and 15.
Knowledge Base:
Other issues raised by CAG report:
1) **All Aadhaar numbers are not supported with actual documents containing personal information.** According to the CAG, all the Aadhaar numbers stored in the UIDAI database were not supported with documents relating to the personal information of their holders and even after nearly ten years the UIDAI could not identify the exact extent of the mismatch.
2) **Charging Fees for Voluntary Update:** UIDAI appeared to have charged people for biometric updates when poor quality data was fed in during enrolment. UIDAI did not take responsibility for poor quality biometrics and put the onus on the resident and charged fees for it.
3) **No Data Archiving Policy:** UIDAI maintains one of the largest biometric databases in the world; but does not have a data archiving policy, which is considered to be a vital storage management best practice.
4) **No Proper Grievance Redressal Procedure:** The process of capturing grievances/complaints have not been streamlined by UIDAI and does not display a clear picture for analysis.

Source: https://blog.forumias.com/explained-the-common-complaints-about-aadhaar-which-cag-has-now-flagged-in-uidai-audit/
https://uidai.gov.in/en/contact-support/have-any-question/299-english-uk/faqs/enrolment-update/enrolling-children.html#:~:text=For%20children%20below%205%20years,they%20turn%205%20and%2015.

Q.41) In a given year in India, official poverty lines are higher in some states than in other because
a) Poverty rates vary from state to state
b) Price levels vary from state to state

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c) Gross state product varies from state to state
d) Quality of public distribution varies from state to state

Ans) b
Exp) Option b is the correct answer.
The current methodology for poverty estimation is based on the recommendations of an Expert Group to Review the Methodology for Estimation of Poverty (Tendulkar Committee) established in 2005. For 2011-12, the poverty lines were fixed at daily expenditure of ₹27.2 in rural areas and ₹33.3 in urban areas. According to a planning commission report, **these poverty lines would vary from State to State because of inter-state price differentials.**
Source) UPSC CSE Pre 2019

Q.42) In relation to foreign currency market, which of the following correctly describes a 'hard currency'?
a) Currency which is very volatile and has low demand in the forex market.
b) Currency which has high liquidity and demand in the forex market
c) Currency which is under pressure of depreciation due to exit of other currencies
d) Currency which enters the market due to re-purchasing of bonds by the Government before their maturities.

Ans) b
Exp) Option b is the correct answer.
Statement a is incorrect: A soft currency is one with a **value that fluctuates**, predominantly lower relative to other currencies, because there is **less demand for that currency in the forex markets.** This lack of demand may be driven by a variety of factors, but is most often a result of the country's political or economic uncertainty.
Statement b is correct: Hard Currency refers to the currency in which everyone shows highest faith and it is demanded by every economy for transactions. Such a currency has **high level of liquidity**, which also makes them always **scarce** and **less available.**
Statement c is incorrect: Heated Currency refers to a currency which is under high pressure of depreciation due to high probability of hard currency's exit from the economy. It is also known as currency under **heat or under hammering.**
Statement d is incorrect: The term **Cheap Currency** was being first used by J.M. Keynes. When a government starts re-purchasing its bonds before their maturities, the money which flows into the economy is known as the Cheap currency.
Source: Ramesh Singh economy

Q.43) With reference to the General Agreement on Trade in Services (GATS) of World Trade Organization (WTO), consider the following statements:
1. It is an international treaty which was created as a result of Uruguay Round Negotiations.
2. All the services are covered within the ambit of GATS.
3. The services covered by the treaty are automatically opened to competition.
Which of the statements given above are ***incorrect***?
a) 1 and 2 only
b) 2 and 3 only
c) 1 and 3 only
d) 1, 2 and 3

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Ans) b

Exp) Option b is the correct answer.

The General Agreement on Trade in Services (GATS) is one of the landmark achievements of the World Trade Organization (WT)). It is related to liberalization of trade in services. Some of the features are:

Statement 1 is correct. It is an **international treaty** of the WTO which emerged a result of the **Uruguay Round Negotiations**. It entered into force in 1995. It aimed at creating a credible and reliable system of international trade rules; ensuring fair and equitable treatment of all participants (principle of non-discrimination); stimulating economic activity through guaranteed policy bindings; and promoting trade and development through progressive liberalization for trade in the services sector.

Statement 2 is incorrect. The GATS applies in principle to all service sectors, with two exceptions. **First exclusion** is related to "**services supplied in the exercise of governmental authority**", and **Second** exclusion is related to a bulk of **Air Transport Services**. It exempts from coverage measures affecting air traffic rights and services directly related to the exercise of such rights.

Statement 3 is incorrect. Services covered by the GATS are **not automatically opened** to competition. WTO members guarantee access to their markets only in those sectors and modes of supply specified in their "**schedules of commitments**", subject to any "limitations" they wish to maintain. These schedules provide legally binding commitments. The only obligation that applies across all services covered by the GATS is the most-favoured-nation (MFN) principle, meaning suppliers of services from all countries are treated in the same way.

Source: https://www.wto.org/english/thewto_e/20y_e/services_brochure2015_e.pdf
https://www.wto.org/english/tratop_e/serv_e/gatsqa_e.htm

Q.44) Higher economic growth would necessarily lead to which of the following?

1. Reduction in inequality
2. Reduction in poverty
3. Reduction in unemployment

Select the correct answer using the code given below:

a) 1 and 2 only
b) 2 and 3 only
c) 1 only
d) None of the Above

Ans) d

Exp) Option d is the correct answer.

Economic Growth means the increase in the level of GDP of the country. It can be possible only when all the factors of production are applied in the right manner i.e., land, labor, capital, and entrepreneurship.

Economic growth widens opportunities and provides the resources needed to invest in human development. This also encourages people to send their children, including girls to schools in the hope of getting better economic returns from investing in education.

Option 1 is incorrect. Economic growth means an increase in national income but **economic growth may not reduce income inequality because**

1) Economic growth often creates the **best opportunities** for those who are **highly skilled and educated.**
2) Modern economies are creating an increased number of **part-time/flexible service sector jobs.** In these sectors, wages have been lagging average earnings.

Option 2 is incorrect. Economic growth does **not necessarily reduce poverty.** Economic growth leads to poverty reduction **only when** it is accompanied by **equitable income distribution as well.** Suppose there is a disparity in income distribution and a wide gap between the income earned by the top and bottom income

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strata. In case of income inequality, economic growth will lead to concentration of income in the hands of the few rich, the level of poverty might increase.

Option 3 is incorrect. Economic growth **does not necessarily lead to reduction in unemployment. The phenomenon of jobless growth is often seen in economies around the world.** For example, growth cannot solve **structural and frictional unemployment;** this is unemployment caused by lack of skills and geographical immobility.

Source: https://www.oecd.org/derec/unitedkingdom/40700982.pdf
https://www.economicshelp.org/macroeconomics/inequality/poverty-inequality-economic-growth/
https://nios.ac.in/media/documents/SrSec318NEW/318_Economics_Eng/318_Economics_Eng_Lesson3.pdf

Q.45) The Council on Energy, Environment and Water (CEEW) has recently released a study titled 'Managing Forest Fires in a Changing Climate', In this context, consider the following statements:

1. Most of the Northeastern Region has not witnessed forest fire incidences in recent decades due to cooler climate.
2. In India, there has been a ten-fold increase in forest fires in the past two decades.
3. Among the Indian states, Tamil Nadu has had the highest number of forest fire incidences in the last two decades.

Which of the statements given above is/are correct?

a) 1 and 2 only
b) 2 only
c) 2 and 3 only
d) 1, 2 and 3

Ans) b

Exp) Option b is the correct answer.

Council on Energy, Environment and Water (CEEW) has released a study titled 'Managing Forest Fires in a Changing Climate'.

Statement 1 is incorrect: Most of the North-eastern Region are **witnessing an increased frequency of forest fire incidents** in recent decades. More than 75 % of Indian districts are extreme climate event hotspots, and more than 30 % of districts are extreme forest fire hotspots.

Statement 2 is correct: The study points toward the increase **in Forest Fires in India.** There has been a **ten-fold increase in forest fires in the past two decades**, and more than 62% of Indian states are prone to high-intensity forest fires.

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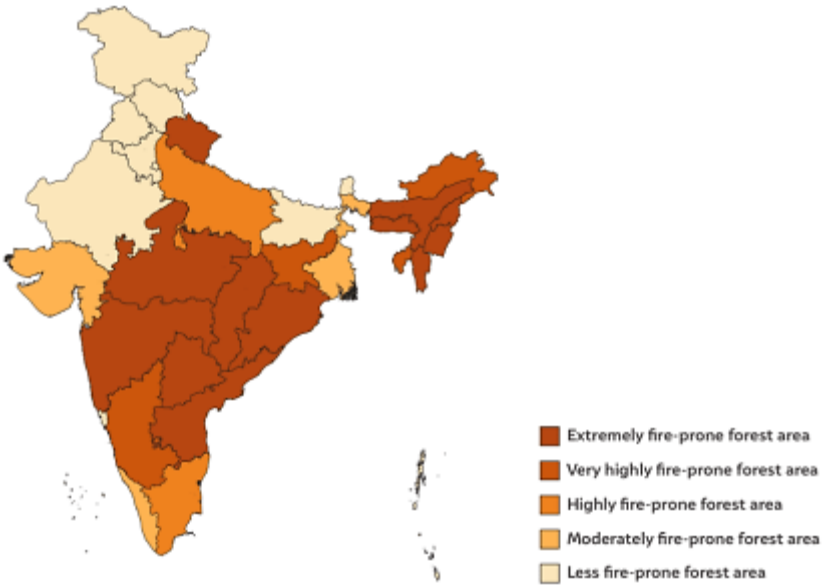
Extremely fire-prone forest area
Very highly fire-prone forest area
Highly fire-prone forest area
Moderately fire-prone forest area
Less fire-prone forest area

Fire Prone Region in India

Statement 3 is incorrect: Mizoram has had the highest number of forest fire incidences in the last two decades, with more than 95% of its districts being forest fire hotspots. Andhra Pradesh, Assam, Chhattisgarh, Odisha and Maharashtra are the most prone to high-intensity forest fire events caused by rapid changes in the climate.

Source: https://blog.forumias.com/forest-fires-frequency-intensity-went-up-in-past-2-decades-study/

Q.46) With reference to the Real Effective Exchange Rate (REER), which of the following statement is ***incorrect*?**

a) It is used as a measure for observing external competitiveness of Indian economy

b) It captures inflation differential between India and its trading partners.

c) It signifies the quantity of domestic goods required to purchase one unit of a given basket of foreign goods

d) An increase in a country's REER indicates that its exports are becoming cheaper.

Ans) d

Exp) Option d is the correct answer.

Statement a is correct: The Real effective exchange rate (REER) is **the weighted average of a country's currency in relation to an index or basket of other major currencies.** It is calculated as the weighted average of the real exchange rates of all of a country's trade partners. The weights being the shares of the respective countries in its foreign trade.

Real Effective Exchange Rate (REER) serve as a gauge for **assessing** the fair **value of a currency, the external competitiveness** of an economy and even serve as **guideposts for setting monetary and financial conditions**. A REER is a summary indicator of movements of the home currency against a basket of currencies of trading partners.

Statement b is correct: REER takes **price differential and inflation into account** and, therefore, is said to be a better indicator of the competitiveness of the country in terms of exchange rates.

Real effective exchange rate is a weighted average of nominal exchange rates adjusted for relative price differential between the domestic and foreign countries.

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Statement c is correct: REER is interpreted as the quantity of domestic goods required to purchase one unit of a given basket of foreign goods.
Statement d is incorrect: An increase in a nation's REER is an indication that its exports are becoming more expensive and its imports are becoming cheaper. It means it is losing its trade competitiveness.
Source: https://www.rbi.org.in/Scripts/BS_ViewBulletin.aspx?Id=20020

Q.47) In the context of international trade, which one of the following conditions make a product eligible for 'Countervailing duty'?
a) When the product has potential of harming the environment of destination country.
b) When the product has potential of destabilising the currency of importing country.
c) When the product has not followed the international sanitary rules while production process.
d) When the product has received unfair advantage through export subsidy in the source country.

Ans) d
Exp) Option d is the correct answer.
Countervailing duties or CVDs are tariffs on imported goods that are imposed **to offset subsidies given by the exporting country's government.** CVDs help offset any negative domestic impacts that producers of the same good might experience due to foreign competition, who in this case, would receive a subsidy to export the same good. If left unchecked, such subsidized imports can have a severe effect on the domestic industry, forcing factory closures and causing huge job losses. As export subsidies are considered to be an unfair trade practice, the World Trade Organization (WTO)–which deals with the global rules of trade between nations–has detailed procedures in place to establish the circumstances under which countervailing duties can be imposed by an importing nation.
Source: https://www.investopedia.com/terms/c/countervailingduties.asp

Q.48) Why women compared to men have a higher incidence of poverty in India?
1. The income disparity between men and women
2. Women are increasingly employed in the unorganized sector
3. Discrimination against women in the inheritance of land and property.
Select the correct answer using the codes given below:
a) 1 and 2 only
b) 2 and 3 only
c) 1 and 3 only
d) 1, 2 and 3

Ans) d
Exp) Option d is the correct answer.
Option 1 is correct. Women make a substantial proportion of poor people. Studies have shown that women headed household in rural areas are the poorest. The **income disparity between men and women** is evident due to vast **differentials in wages paid** to men and women.
Option 2 is correct. Women are increasingly employed in the unorganized sector as unskilled labour. They are also engaged in **home-based work** where they get low wages. Female-headed households are often poor, as **women do not get jobs or credit to set up their own businesses**. In recent years, the term 'feminization of poverty' is used to denote the specific characteristics of poverty where women are directly affected adversely as a result of development process.
Option 3 is correct. Although laws in India provides for right of inheritance of property to daughters/women. But, such laws are seldom used in practice. Women are not generally given ownership

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rights over ancestral property and very rarely they get a share in their father's property in India. This is one of the reason why women have a higher incidence of poverty compared to men.
Source: https://egyankosh.ac.in/bitstream/123456789/60539/2/Unit-2.pdf
http://egyankosh.ac.in/bitstream/123456789/58865/1/Unit3.pdf

Q.49) In the context of Agricultural land holdings in India, consider the following statements:
1. The highest number of operational agricultural landholdings is in Maharashtra.
2. The number of small and marginal farmers declined drastically in the last decade.
3. Higher proportion of women hold land in northern states as compared to southern states.
Which of the above statements is/are correct?
a) 1 only
b) 1 and 2 only
c) 3 only
d) None

Ans) d
Exp) Option d is the correct answer.
Operational land holdings are all land which is used wholly or partly for agricultural production and is operated as one technical unit by one person alone or with others without regard to the title, legal form, size or location. According to **10th Agriculture Census 2015-16,** the total number of operational holdings in the country has increased from 138.35 million in 2010-11 to 146.45 million in 2015-16 showing an increase of 5.86%.
Statement 1 is incorrect. In a total of 146.45 million operational agricultural land holdings in the country, the highest number of operational land holdings in India belonged **to Uttar Pradesh (23.82 million).** UP is followed by Bihar (16.41 million), Maharashtra (15.29 million), Madhya Pradesh (10.00 million).
Statement 2 is incorrect. According to the 10th agricultural census, the number of small and marginal agricultural land holdings in the country has **registered a marginal increase in 2015-16 compared to 2010-11**. The **small and marginal holdings** taken together (0.00-2.00 ha.) constituted **86.08%** of the total holdings **in 2015-16 against 85.01%** in **2010-11** while their share in the **operated area** stood at **46.94%** in the current census as against **44.58% in 2010-11.**

Classification	Range (ha)	2010-11 (mn.)	2015-16 (mn.)	% change
Small	<1	117.25	125.86	7.34%
Medium	1-4	19.72	19.3	-2.13%
Large	4-10	0.98	0.83	-15.31%

Statement 3 is incorrect. As per the data on women's operational holdings from the agriculture census of 2011, in **southern states** an average of **15.4% of women hold** land, and in the north-eastern states, 14.1%. With these low figures, these states outperform the northern states where 9.8% of women hold land, and the eastern states where 9.2% of women do i.e., **more women in the southern states hold land as compared to the rest of the country**. All the southern states fall within the first 10 ranks, with Andhra Pradesh reporting the best figure–17.2% of the state's women hold land, giving it the fourth place in the all-India ranking.
Source: https://www.fao.org/india/fao-in-india/india-at-a-glance/en/
https://www.thehindu.com/sci-tech/agriculture/indian-farms-getting-smaller/article25113177.ece
https://agcensus.nic.in/document/agcen1516/T1_ac_2015_16.pdf
https://www.business-standard.com/article/current-affairs/the-landless-women-only-12-9-indian-women-hold-agricultural-land-120121300771_1.html

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Q.50) Consider the following statements with reference to Kodavas:
1. They are an ethnolinguistic group from the region of Coorg in Karnataka.
2. They belong to a traditional landless group with hunting as their survival occupation.
3. In India, they have been permitted to carry firearms without a license.
4. Kodava Takke Language has been classified as an Endangered Language by UNESCO.
Which of the statements given above are correct?
a) 1 and 2 only
b) 1, 2 and 4 only
c) 1, 3 and 4 only
d) 2, 3 and 4 only

Ans) c
Exp) Option c is the correct answer.
Recently the researchers have published a book titled "A Place Apart: Poems from Kodagu". It is a bilingual edition of 21 poems by Appana. This book will help spread awareness about the endangered Kodava takke language**.**
Statement 1 is correct: Kodavas are an **ethnolinguistic group** from the region of **Kodagu (Coorg) in Karnataka.** They speak the Kodava language.
Statement 2 is incorrect: Kodavas are **traditionally land-owning agriculturists,** with martial customs.
Statement 3 is correct: Kodavas worship **ancestors and weapons**. They are the **ones in India permitted to carry firearms without a license**. As per the exemption, continuing from the British-era rule, the people from the hill district of Kodagu can possess pistols, revolvers and double-barrelled shotguns without a licence.
Statement 4 is correct: Kodava takke belongs to the Dravidian group of languages. This language **doesn't have a script**. But over the years, it has found its way into a written form through Kannada.
The language has been **classified as an Endangered Language by UNESCO** as it is spoken by just 166,187 people according to the 2001 census.
Several factors have contributed to the Kodava language becoming endangered. For instance, with the coming of the Haleri dynasty, Kannada became the language of communication, the language of the court and state. The language took a further back seat when the British introduced Kannada as the medium of education.
Source: https://blog.forumias.com/endangered-kodava-takke-gets-a-new-lease-of-life/
Karnataka HC upholds Arms Act exemption for Kodavas: History behind community's right to own guns without a licence (firstpost.com)

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